

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 536

Department of
Health &
Human Services

Center for Medicare
and &
Medicaid Services

Date: APRIL 29,
2005

Change Request
3779

SUBJECT: July Quarterly Update for 2005 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

I. SUMMARY OF CHANGES: The DMEPOS fee schedules are updated on a quarterly basis in order to implement fee schedule amounts for new codes and to revise any fee schedule amounts for existing codes that were calculated in error. The quarterly updates process for the DMEPOS fee schedule is located in section 60, of chapter 23, of the Medicare Claims Processing Manual (Pub. 100-04). This recurring update notification provides specific instructions regarding the July quarterly update for the 2005 DMEPOS fee schedule.

NEW/REVISED MATERIAL :

EFFECTIVE DATE : January 1, 2005

IMPLEMENTATION DATE : July 5, 2005

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
A	N/A

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be

carried out within their FY 2005 operating budgets.

IV. ATTACHMENTS:

Recurring Update Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 536	Date: April 29, 2005	Change Request 3779
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SUBJECT: July Quarterly Update for 2005 Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

I. GENERAL INFORMATION

A. Background: The DMEPOS fee schedules are updated on a quarterly basis in order to implement fee schedule amounts for new codes and to revise any fee schedule amounts for existing codes that were calculated in error. The quarterly updates process for the DMEPOS fee schedule is located in section 60, of chapter 23, of the Medicare Claims Processing Manual (Pub. 100-04).

B. Policy: This recurring update notification provides specific instructions regarding the July quarterly update for the 2005 DMEPOS fee schedule. Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by sections 1834(a), (h), and (i) of the Social Security Act. Payment on a fee schedule basis is required for parenteral and enteral nutrition (PEN) by regulations contained in 42 CFR 414.102.

The following code is being added to the HCPCS on July 1, 2005, and is effective for claims with dates of service on or after April 1, 2005:

K0730 – Controlled Dose Inhalation Drug Delivery System
Short Description: Ctrl dose inh drug deliv sys

At this time this device is only necessary for the administration of iloprost inhalation solution. This item falls under the capped rental DME payment category. The allowed rental payment amounts for this device will be based on the contractor's individual consideration of each claim until fee schedule amounts can be established for this new code.

Code L8620 (Lithium Ion Battery For Use With Cochlear Implant Device) was added to the HCPCS effective January 1, 2005. The fee schedule amounts that were calculated and implemented for this code on January 1, 2005, did not include pricing information for the different types of lithium ion batteries used with cochlear implant devices. The fee schedule amounts for code L8620 are therefore being revised as part of this quarterly update in order to include pricing information for the different types of lithium ion batteries used with cochlear implant devices in the calculation of the fee schedule amounts. CMS will be revising the fee schedule amounts for this code using the standard gap-filling process. Therefore, local carriers do not need to gap-fill base fees for these codes. Previously paid claims for L8620 with dates of service from January 1, 2005 thru June 30, 2005, shall be adjusted if the supplier requests an adjustment on or after July 1, 2005. Code L8620 is being made invalid for Medicare claims with dates of service on or after July 1, 2005. The following codes are being added to the HCPCS effective for dates of service on or after July 1, 2005:

K0731 - Lithium Ion Battery For Use With Cochlear Implant Device Speech Processor, Other Than Ear Level, Replacement, Each

Short Description: Lith ion bat CID, non-ear level

K0732 - Lithium Ion Battery For Use With Cochlear Implant Device Speech Processor, Ear Level, Replacement, Each

Short Description: Lith ion batt CID ear level

These codes are to be used to bill for replacement batteries previously coded under L8620 that are furnished on or after July 1, 2005.

Codes L8110 and L8120 are currently included in CWF categories 3, 21, 60, and 62. These devices do not meet the Medicare definition of prosthetic devices and are therefore being removed from CWF category 3 as part of this quarterly update.

Code K0670 was added to the HCPCS effective April 1, 2005. The fee schedule amounts established for this code on April 1, 2005 are based on incorrect information. The items described by code K0670 were previously billed using HCPCS codes L5847 and L5989, which were discontinued on December 31, 2004. The fee schedule amounts for code K0670 are being revised as part of this quarterly update.

There are no changes to the PEN fee schedule file for July 2005.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3779.1	HCPCS codes L8110 and L8120 shall be removed from CWF category 3.								X	
3779.2	DMERCs and RHHIs shall add the HCPCS code listed below to their claims processing system, effective for claims with dates of service on or after April 1, 2005. K0730 -- Controlled Dose Inhalation Drug Delivery System		X		X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
	TOS = R BETOS = D1E POS = 04, 12, 13, 33, 54, 55, 56 Coverage = C Pricing = 36 Payment of claims for K0730 shall be based on the contractor’s individual consideration of each claim until fee schedule amounts are established for this code.									
3779.3	DMERCs shall compute revised base fee schedule amounts for each State in their region for code K0670. DMERCs shall submit ASCII files containing the base fees for code K0670 to CMS central office by April 19, 2005. DMERCs shall follow the instructions for submitting base fee schedule amounts located in section 60, of chapter 23, of the Medicare Claims Processing Manual (Pub. 100-4). Base fee schedule amounts submitted to CMS shall not be updated by any update factors other than the 1.7% (1989) update factor for prosthetics and orthotics.				X					
3779.4	DMERCs and FIs shall adjust previously processed claims for code K0670 with dates of service on or after April 1, 2005 if they are resubmitted as adjustments.	X			X					
3779.5	Local carriers and FIs shall adjust previously paid claims for code L8620 if these claims are resubmitted by suppliers as adjustments on or after July 1, 2005. Code L8620 is to be made invalid for Medicare claims with dates of service on or after July 1, 2005.	X		X						
3779.6	Local carriers and FIs shall add the HCPCS codes listed below to their claims processing systems.	X		X						

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
	<p>K0731 -- Lithium Ion Battery For Use With Cochlear Implant Device Speech Processor, Worn On The Body, Replacement, Each</p> <p>K0732 -- Lithium Ion Battery For Use With Cochlear Implant Device Speech Processor, Worn Behind The Ear, Replacement, Each</p> <p>TOS = P</p> <p>BETOS = D1F</p> <p>POS = 04, 11, 12, 13, 31, 32, 33, 54, 55, 56</p> <p>Coverage = C</p> <p>Pricing = 38</p>									
3779.7	HCPCS code K0730 shall be added to CWF categories 1 and 60 and HCPCS codes K0731 and K0732 shall be added to CWF categories 3 and 67.								X	
3779.8	DMERCs and local carriers shall retrieve the DMEPOS Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T050101.V0505) on or after May 5, 2005. Notification of successful receipt shall be sent via e-mail to CMS/Mary Anne Stevenson (mstevenson@cms.hhs.gov) stating the name of the file received and the entity for which they were received (e.g., carrier name and number).			X	X					
3779.9	FIs and RHHIs shall retrieve the DMEPOS Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T050101.V0512.FI) on or after May 12, 2005. Notification of successful receipt shall be sent via e-mail to CMS/Mary Anne Stevenson (mstevenson@cms.hhs.gov) stating the name of the file received and the entity for which they were received (e.g., FI name and number).	X	X							

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3779.10	Contractors shall use the 2005 DMEPOS fee schedule amounts from the DMEPOS Fee Schedule file to pay claims with dates of service on or after January 1, 2005.	X	X	X	X					

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3779.11	A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X	X	X					

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: January 1, 2005 Implementation Date: July 5, 2005 Pre and Post-Implementation Contact: Joel Kaiser, (410) 786-4499.	No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.
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